

CITY OF RIVERSIDE

BOARD OF PUBLIC UTILITIES

Minutes of: Regular Meeting of the Board of Public Utilities

Date of Meeting: February 4, 2005

Time of Meeting: 8:15 a.m.

Place of Meeting: Utilities Plaza Conference Room
3460 Orange Street (at Fifth and Orange Streets)
Riverside, California

PLEDGE OF ALLEGIANCE TO THE FLAG

Roll Call

Present: Peter Hubbard (Chairman)	Jim Anderson (Vice Chair)
David Barnhart	Bob Stockton
Lalit Acharya	Chuck Beaty (Alternate 1)
Conrad Newberry, Jr., P.E.	Katie Greene (Alternate 2)

Absent: Joe Tavaglione (absence due to business)

MINUTES

- (1) The regular meeting minutes from the Board of Public Utilities meeting held on January 21, 2005 was deferred to the next Board meeting on February 18, 2005.

CITIZENS PARTICIPATION

No comments were made.

COMMITTEE REPORTS

WATER COMMITTEE REPORT

The Board of Public Utilities accepted and filed the January 21, 2005, Water Committee minutes.

FINANCE/MARKETING COMMITTEE REPORT

The Board of Public Utilities accepted and filed the January 28, 2005, Finance/Marketing Committee minutes.

PROPERTY AD HOC COMMITTEE REPORT

The Board of Public Utilities accepted and filed the January 28, 2005, Property Ad Hoc Committee minutes.

CONSENT CALENDAR

A motion was made to approve the following items on the Consent Calendar.

Motion – Anderson. Second – Newberry, Jr., P.E.

Ayes: Hubbard, Anderson, Barnhart, Stockton, Newberry, Jr., P.E., and Acharya.

Noes: None

Abstain: None.

Absent: Tavaglione. (absence due to business)

The Board of Public Utilities:

ELECTRIC ITEMS

(2) **HMPE CABLE REPLACEMENT
WORK ORDER 0500020**

Approved the estimated capital expenditure of \$141,839 to replace 1,889 feet of HMPE cable and three transformers.

This work is part of the HMPE Cable Replacement program.

(3) **INSTALLATION OF AIR CONDITIONING UNITS AT VARIOUS SUBSTATIONS
WORK ORDER 0500465**

Approved the estimated capital expenditure of \$53,000 for the installation of air conditioning units at Harvey Lynn, Orangecrest, and Springs substations.

(4) **MERCURY VAPOR STREETLIGHT FIXTURE REPLACEMENT WITH HIGH-PRESSURE SODIUM (HPS) FIXTURES
WORK ORDER 641008**

Approved the estimated capital expenditure of \$400,000 for the replacement of 1,875 mercury vapor streetlight fixtures with 1,875 high-pressure sodium fixtures.

This is Phase VII of a ten-year replacement program approved by the City Council in 1996.

(5) **12 kV UNDERGROUND LINE EXTENSION
WORK ORDER 644008**

Approved the estimated capital expenditure of \$65,000 to install underground primary line extensions and services to 38 Single Family Residences (Tract 31362) located in Orangecrest near Mission Ranch Road westerly of Cole Avenue.

WATER ITEMS

OTHER ITEMS

(6) ELECTRONIC BILL PRESENTMENT AND PAYMENT (EBPP) FOR THE PUBLIC UTILITIES DEPARTMENT

1. Approved and recommended that the City Council approve the agreement with Kubra to host the City's Electronic Bill Presentment and Payment System (EBPP) for the initial fixed cost of \$10,000 and the estimated monthly cost of about \$3,000 depending on the number of customers that use it; and
2. Approved and recommended that the City Council authorize the City Manager, or his designee, to execute the agreement with Kubra.

(7) INTEREST RATE ON CUSTOMER DEPOSITS

Approved to continue the annual interest rate applied to customer deposits at 0.5 percent, beginning with the deposits held during the month of January 2005.

Staff requested that Item #11 be taken out of sequence so the presenter could leave early due to a conflicting meeting.

DISCUSSION CALENDAR

(11) GREEN POWER – CITY HALL 1st FLOOR ATRIUM PHOTOVOLTAIC PROJECT

Interim Programs and Services Manager Mike Bacich gave an overview of the proposed City Hall 1st Floor Atrium Photovoltaic Project. This project includes building a structure to cover the open area between City Hall and the Council Chambers and placing photovoltaic panels on the structure to generate approximately 10 kw of solar power for the City Hall facilities. In addition, a computer kiosk will be set up for customers to review educational information and see real-time production information for the PV generating stations at City Hall. Staff also proposed combining the release of this project for bid with the 7th Floor City Hall PV project to provide for economies of scale and less disruption to City Hall. Funding of this project would be from Public Benefit Funds in the amount of \$700,000 and panels would be purchased through the Sacramento Municipal Utilities District solar panel program. Expected completion would be late summer or early fall upon approvals by Board and Council.

Board members inquired as to the cost of only building a shade structure, versus the entire project cost. Also concern was expressed about the cost of both city hall projects exceeding \$1.4 million with only \$500,000 in reduced energy costs. Staff indicated that architectural concerns and roof complications at City Hall has an impact to the cost of this project. Concern was expressed that the cost of this project seemed excessive and that the PBC money may be better spent on a project somewhere else in the city.

After discussion of the issues, staff proposed to defer action on this item in order to bring back more detailed breakdown of costs, including what the costs of just doing a shade structure would be. In addition, Board members requested that the proposal should include the General Fund sharing a portion of the cost of the support structure.

The Board of Public Utilities approved to defer action on this item so staff can bring it back to the Board of Public Utilities at a later date with more information.

Motion – Anderson. Second – Newberry, Jr., P.E.

Ayes: Hubbard, Anderson, Barnhart, Stockton, Newberry, Jr., P.E., and Acharya.

Noes: None

Abstain: None.

Absent: Tavaglione. (absence due to business)

(8) AMENDMENT NO 2 TO THE INTERIM PERCHLORATE AGREEMENT WITH LOCKHEED MARTIN CORPORATION

Assistant Director/Water Dieter Wirtzfeld explained perchlorate regulatory developments in more detail and the need for an amendment No. 2 to the interim perchlorate agreement. Mr. Wirtzfeld and Board Member Newberry, Jr., P.E. also wanted it to be noted that Lockheed Martin Corporation has been a good partner in all endeavors.

The Board of Public Utilities approved and recommended that the City Council authorize the City Manager, or his designee, to execute the Amendment No. 2 to the Interim Perchlorate Agreement.

Motion – Barnhart. Second – Anderson.

Ayes: Hubbard, Anderson, Barnhart, Stockton, Newberry, Jr., P.E., and Acharya.

Noes: None

Abstain: None.

Absent: Tavaglione. (absence due to business)

(9) REIMBURSEMENT RESOLUTION – WATER UTILITY

Assistant Director Finance/Resources Donna Stevener gave an overview of the need for the reimbursement resolution for the water utility.

The Board of Public Utilities approved and recommended that the City Council adopt the Water Utility Reimbursement Resolution to provide the future option of using bond funds instead of operating funds for capital financing requirements with the understanding that reserve funds will be used for capital needs in the interim period.

Motion – Barnhart. Second – Stockton.

Ayes: Hubbard, Anderson, Barnhart, Stockton, Newberry, Jr., P.E., and Acharya.

Noes: None

Abstain: None.

Absent: Tavaglione. (absence due to business)

(10) SPACE PLANNING NEEDS FOR PUBLIC UTILITIES DEPARTMENT – MOVING CITY HALL OPERATIONS TO ORANGE SQUARE/PARKING GARAGE #6

Assistant Director Finance/Resources Donna Stevener reviewed the urgent need for additional office space. She explained one option was to purchase one floor of office space plus one floor of parking at Orange Square, next door to the City Hall parking structure. Financial terms include payment of \$497,600 annually to the City for debt service related to the structure, up front payment of \$1,129,000 to purchase the parking spaces, and payment for tenant improvements and furniture of up to \$3.0 million from reserves. She also requested approval of a consultant to assist in space planning, etc.

The Board supported the move and ownership of the building but expressed concern that the space may not be large enough for future growth and requested staff to begin NOW to plan for a new location within five years that will meet the long term needs of the Utility.

Public Comment: Chuck Beaty suggested staff look at the costs if the private sector had gone into the structure, as had been the original plan. He also inquired as to coordination with other planned buildings downtown and their parking needs.

The Board of Public Utilities approved and recommended that the City Council:

1. Approve the relocation of City Hall Public Utilities operations to the office and related parking space available in Parking Garage 6 (Orange Square);
2. Support the financing mechanism required to meet this objective, including purchase and/or capital lease of the facilities;
3. Approve additional appropriation of \$4.1 million from Electric Fund balance to fund furniture, leasehold improvements, and **parking** related to the move; and
4. Authorize the Public Utilities Director to execute any necessary contracts for hiring a project manager for this project at an amount not-to-exceed \$60,000.

Motion – Newberry, Jr., P.E. Second – Anderson.

Ayes: Hubbard, Anderson, Barnhart, Stockton, Newberry, Jr., P.E., and Acharya.

Noes: None

Abstain: None.

Absent: Tavaglione. (absence due to business)

(12) AWARD OF CONTRACT TO OPEN SYSTEMS INTERNATIONAL (OSI) FOR A

SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA) SYSTEM AND
REMOTE TERMINAL UNIT UPGRADES – WORK ORDER 642974

Principal Electric Engineer Dave Redding made a presentation regarding the replacement project for the Supervisory Control and Data Acquisition (SCADA) system for the electric system. The existing SCADA system is aging, maintenance costs are high, and it would be relatively expensive to upgrade it to meet today's requirements. A study was done by KEMA Consulting and it was determined that the best course of action was to replace the existing SCADA system along with the Remote Terminal Units. Nine vendors were invited to submit proposals and four responded. The proposal with the best overall evaluation and lowest cost was from Open Systems International (OSI). The OSI system meets a long list of SCADA functions and features that are needed. The schedule for the new system would have it up and running seventeen months after the Notice to Proceed is issued. Staff recommended approval of the project and award of the bid to OSI.

The Board of Public Utilities:

1. Approved the estimated capital expenditure of \$2,500,000 for Work Order 642974 to replace the Supervisory Control and Data Acquisition (SCADA) System and upgrade the Remote Terminal Units;
2. Approved and recommended that the City Council approve an Agreement between the City of Riverside and Open Systems International (OSI), for a total amount not-to-exceed \$1,454,828;
3. Approved the \$1.9 million budget transfer to SCADA Account No. 6130000-470672 from the following: Substation Bus and Upgrades Account No. 6130000-470616 (\$700,000), Cable Replacement Account No. 6130000-470635 (\$300,000), Communications Account No. 6130000-470664 (\$200,000), and Peaking Units-Springs Account No. 6130000-470681 (\$700,000);
4. Approved and recommended that the City Council authorize the City Manager, or his designee, to amend the Open Systems International Agreement in an amount not-to-exceed 10 percent in the event that additional services beyond the scope of the Agreement are needed; and
5. Approved and recommended that the City Council authorize the City Manager, or his designee, to execute the necessary documents.

Motion – Stockton. Second – Barnhart.

Ayes: Hubbard, Anderson, Barnhart, Stockton, Newberry, Jr., P.E., and Acharya.

Noes: None

Abstain: None.

Absent: Tavaglione. (absence due to business)

PANEL FOR PUBLIC UTILITIES CAPITAL IMPROVEMENT PROJECTS

Principal Electric Engineer Dave Redding reported that RPU has a panel of eight consultants that can be used to perform design and engineering work upon issue of a detailed Work Assignment with a fixed not-to-exceed cost. Through its work on the SCADA project and other contracted work, KEMA Consulting has demonstrated that they are an excellent consulting firm and have expertise that is not readily available from most of the other consultants on the panel. The cost and quality of work received have been an exceptional value. Staff recommends that the existing contract with KEMA be modified to add \$500,000 to the total contract limit with work to be determined and ordered through the standard procedure for consultant panel project assignments.

The Board of Public Utilities:

1. Approved and recommended that the City Council approve an amendment to a General Services Agreement between the City of Riverside and KEMA, Inc., for an additional five years and \$500,000 for a total amount not-to-exceed \$1,025,113; and
2. Authorized the City Manager, or his designee, to execute the necessary documents.

Motion – Anderson. Second – Acharya.

Ayes: Hubbard, Anderson, Barnhart, Stockton, Newberry, Jr., P.E., and Acharya.

Noes: None

Abstain: None.

Absent: Tavaglione. (absence due to business)

DIRECTOR'S REPORT

City Clerk Colleen Nicol gave an overview of the Measure GG to the Board and reported that she is on a recruiting campaign informing all the Wards. The following is a brief summary of Measure GG:

1. Every Board to have a commissioner from each Ward
2. Retain the current interviewing process
3. Will not excuse present commissioners BUT ADD commissioners to cover the seats not represented; second terms may not be feasible for some Boards
4. Some Boards will now have 9 seats instead of 7 (Public Utilities, etc.)
5. No Alternates now
6. Wards 6 and 7 mainly missing in most Boards
7. Quorum needs to be 5+
8. May 1st - target effective date for new appointees

(A) Substation Updates

- (B) State and Federal Legislative Update
- (C) Monthly Power Supply Report — December 2004
- (D) Rolling Calendar Outlining Future Utility Projects as of January 28, 2005.
- (E) City Council Agendas – January 25, 2005 and February 1, 2005

SYSTEMATIC REPORTING ON CONFERENCES/SEMINARS

WORKSHOP

From 9:57a.m. to 10:10 a.m. the Board of Public Utilities recessed and then began the workshop at 10:11 a.m.

At this time Alternate Board Members Chuck Beaty and Katie Greene dismissed themselves from the meeting.

Present:	Peter Hubbard (Chairman)	Jim Anderson (Vice Chair)
	David Barnhart	Bob Stockton
	Lalit Acharya	Conrad Newberry, Jr., P.E.

Staff:	Dave Wright	Donna Stevener
	Dieter Wirtzfeld	Eileen Teichert
	Steve Badgett	MJ Abraham
	Dave Redding	Kevin Milligan
	Ron Cox	Cathy Ference
	Reiko Kerr	John Sevey
	Steve Lafond	

Absent: Joe Tavaglione. (absence due to business)
Chuck Beaty (Alternate 1) (left meeting @ 9:57 a.m.)
Katie Greene (Alternate 2) (left meeting @ 9:57 a.m.)

(14) LONG TERM STRATEGIC PLANNING WORKSHOP

The Board of Public Utilities held a workshop to discuss long-term strategic planning for the Energy Delivery Division. Interim Public Utilities Director Dave Wright gave an overview of our current strategic plan and the process for this update; then Assistant Director/Energy Delivery Steve Badgett discussed specific issues facing his division. The following were the main areas of discussion:

1. Costs to Serve / Competitive Rates
2. Safety
3. Reliability
4. Annexations
5. Customer Service
6. Communications

UPCOMING MEETING

Chair Peter Hubbard adjourned the meeting at 12:05 p.m. to the next regularly scheduled meeting of the Board of Public Utilities to be held on **Friday, February 18, 2005**, at 8:15 a.m. in the Art Pick Council Chamber at City Hall located at 3900 Main Street in Riverside, California.

By: _____
David H. Wright, Interim Secretary
Board of Public Utilities

Approved by: City of Riverside Board of Public Utilities

Dated: February 18, 2005